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July 21, 1989

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Office of the Secretary  
Interstate Commerce Commission  
Washington D.C. 20423

9-212A066

16454

RECORDATION NO. FILED 1443

JUL 31 1989 -3 45 PM

INTERSTATE COMMERCE COMMISSION

RE: Lease of Locomotive Equipment  
National Railway Leasing Company, Lessor  
The New York, Susquehanna and Western Railway  
Corporation, Lessee

Dear Mr. Secretary:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of locomotive equipment and is a primary document dated October 12, 1988. The names and addresses of the parties to the documents are as follows:

Lessor

National Railway Leasing Company  
An Illinois Corporation  
14400 S. Robey Street  
P.O. Box 2270  
Dixmoor, IL 60426

Lessee

The New York, Susquehanna and Western Railway Corporation  
1 Railroad Avenue  
Cooperstown, NY 13326

A description of the equipment covered by the document follows:

Two (2) diesel-electric locomotives

Locomotive #1

Manufacturer	EMD
Model	SDP45
Horsepower	3200
Axles	6
Road Number	6592
Year Built	1967

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Locomotive #2

Manufacture	EMD
Model	SD45M
Horsepower	3000
Axles	6
Road Number	6536
Year Built	1971

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Richard F. Loritz, 9533 W. 143rd Street, Orland Park, IL 60462.

A short summary of the document to appear in the index follows:

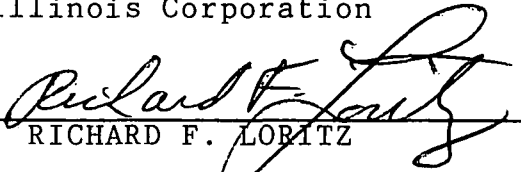
A lease of locomotive equipment identified as two Diesel-Electric Locomotives, with National Railway Leasing Co., as Lessor, and The New York, Susquehanna and Western Railway Corporation, as Lessee.

Also attached is an Affidavit executed by the attorney in fact for National Railway Leasing Company and appropriately notarized declaring that the copies transmitted herewith have been compared to the original and have been found to be complete and identical in all respects to the original document.

Very truly yours,

NATIONAL RAILWAY LEASING CO.  
an Illinois Corporation

BY:

  
RICHARD F. LORITZ

ITS: Attorney and Agent in Fact

RFL/sjg  
Enclosure  
NREC720.89d

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## LOCOMOTIVE LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

Lease agreement dated the 30TH day of March, 1988, by and between NATIONAL RAILWAY LEASING COMPANY, herinafter called "Lessor" and THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION, herinafter called "Lessee".

1. **EQUIPMENT:** Lessor, for and in consideration of the rents and conditions herinafter set forth, does hereby lease to Lessee "One (2) railroad locomotives as described in Exhibit "A" attached hereto.

2. **TERMS:** The terms of this agreement shall be for a sixty (60) day minimum commencing April 3, 1989.

3. **RENTAL:** For said term of rental, Lessee shall pay to Lessor the sum of \$325.00 per day per locomotive. Lessor shall bill Lessee on a monthly basis in arrears, with terms of net thirty (30) days.

4. **TRANSPORTATION:** Lessee will arrange for transportation of equipment from Dixmoor, Illinois. At end of lease period if not on rail lines of Lessor, Lessee will arrange for transportation of equipment from location of use to Dixmoor, Illinois, and pay all freight charges therefor.

5. **INSPECTION:** Locomotives, after shipment from Dixmoor, will be jointly inspected by both parties in Binghamton, NY as to condition, defects, etc., and Lessee warrants that locomotive will be returned at end of lease term in like condition with joint inspection by the parties to verify same. Lessor shall provide a 92 dys FRA and maintenance inspection prior to lease. Lessee upon return of locomotive shall cause same done at its sole cost. Lessee shall be held liable for any damage to locomotive which shall occur during term of lease, whether such damage should occur during Lessee's use, or possession of locomotive, or during transportation to or from location of use. Lessee shall pay Lessor for all damages within thirty (30) days of presentation of Lessor's invoice.

6. **MAINTENANCE/IMPROVEMENTS:** Lessee shall be responsible for and shall provide for, at its sole cost, all regular maintenance and required inspections of the locomotive during the term of the Agreement. Lessee shall maintain the locomotive to standards as set by O.E.M. procedures and specifications. Lessee shall also provide at its sole cost all records of repairs and maintenance performed during each 92 day period while locomotive is on lease. Any and all maintenance, repairs and improvements performed shall be the sole property of Lessor. Regular maintenance shall not include catastrophic component failure to engine crankshaft.

a.) In the event of catastrophic failure to engine crankshaft, a joint inspection shall be performed at Lessee's facilities to determine cause. Conditions found causing failure to be the lack of lubrication or deviation from proper installation of power assemblies or main bearings as applied by Lessee will be to Lessee's sole cost. All other failure events to Lessor's sole cost.

b.) Failure of turbocharger due to bearing failure not caused by lubrication loss, old age in excess of five years or material defects shall become to Lessor's sole cost. Failure caused by overheat and/or overspeed or engine gear train failure or loss of lubrication shall become Lessee's sole cost. TMS Incorporated, the mutually agreed upon vendor, will be the final word as to the cause of the turbocharger's failure. Vendor to provide copies of teardown report to both Lessee and Lessor.

7. INDEMNITY: In the event of damage or destruction of the locomotive, Lessee shall repair such damage if such damage is economically reasonable, replace such locomotive with a like unit, or pay to Lessor the fair market value, which herein agreed to be \$250,000.00 for the SD45M and \$150,000.00 for the SDP45. Lessee will protect, defend and hold harmless the Lessee from any claims which may arise from the occupancy, operation, use, or storage of said locomotive while under Lessee's possession and control.

8. TITLE/ASSIGNMENT: Title of the locomotive shall at all times remain in the name of the Lessor, and Lessee shall keep locomotives free and clear of any and all levies, attachments, liens or other encumbrances. Lessee shall not assign or sublet its interest under this agreement. However, nothing herein will prevent use of such locomotives upon lines of railroads other than Lessee.

9. SEVERABILITY: Should any provision of this lease be in conflict with any statute of law of any state or territory wherein it may be sought to be enforced, such provision shall be null and void to the extent that it may be in conflict therewith, but without invalidating the remaining provisions.

10. NOTICES: All written notices provided herein shall be directed as follows:

If to Lessor: Lawrence J. Beal, President  
National Railway Leasing Company  
14400 S. Robey St. P.O. Box 2270  
Dixmoor, Illinois 60426

If to Lessee: O. David Soule, Executive Vice President  
The New York, Susquehanna and Western  
Railway Corporation  
1 Railroad Avenue  
Cooperstown, New York 13326

IN WITNESS WHEREOF, and intending to be bound hereby, Lessor and Lessee have caused this lease to be executed on the day and year first written above.

WITNESS:

Herald Polina

WITNESS:

Robert C. Thompson

THE NEW YORK, SUSQUEHANNA AND  
WESTERN RAILWAY CORPORATION

D. F. Sully

NATIONAL RAILWAY LEASING COMPANY

A. J. Bell

**EXHIBIT "A"**

**Equipment to be leased:**

**Two (2) diesel-electric locomotives**

**Locomotive #1**

<b>Manufacturer</b>	<b>EMD</b>
<b>Model</b>	<b>SDP45</b>
<b>Horsepower</b>	<b>3200</b>
<b>Axles</b>	<b>6</b>
<b>Road Number</b>	<b>6592</b>
<b>Year Built</b>	<b>1967</b>

**Locomotive #2**

<b>Manufacturer</b>	<b>EMD</b>
<b>Model</b>	<b>SD45M</b>
<b>Horsepower</b>	<b>3000</b>
<b>Axles</b>	<b>6</b>
<b>Road Number</b>	<b>6536</b>
<b>Year Built</b>	<b>1971</b>

# AFFIDAVIT

STATE OF ILLINOIS )  
COUNTY OF COOK ) ss

The undersigned states that he has read a true copy of the original document and that the document attached hereto is a complete and identical document in all respects to the original.

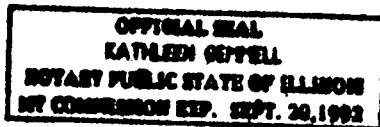
The undersigned has compared the copy with the original and has found the copy to be complete and identical in all respects to the original document.

This affidavit is made pursuant to the procedures in Section 117.3(2)(b) relative to the recordation of documents with the Interstate Commerce Commission.

Richard F. Long  
AFFIANT

Subscribed and Sworn to  
before me this 24<sup>th</sup> day  
of July, 1989.

Kathleen Gemmell  
NOTARY PUBLIC



**NREC720.89a**